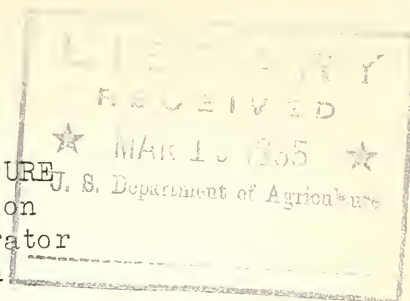


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information
Washington, D. C.



No. 68

March 2, 1935.

TO FARM JOURNAL EDITORS:

The following information is for your use.

DeWitt C. Wing and Francis A. Flood
DeWitt C. Wing and Francis A. Flood,
Specialists in Information.

APPLICATIONS FOR SEED CORN OPTIONS CLOSE MARCH 15

March 15 has been set as the closing date for the acceptance of applications from producers in Iowa, Nebraska, Kansas, South Dakota, Missouri, and Minnesota for the optional purchase of seed corn by the Agricultural Adjustment Administration in its program to conserve seed supplies.

Under the plan, which was inaugurated last fall, producers in these states with seed quality corn under seal as security for 55 cents a bushel corn loans functioned through the Commodity Credit Corporation have been eligible to place such corn under option contract for sale to the Agricultural Adjustment Administration at \$1.25 a bushel. Farmers with whom options are negotiated receive an advance option payment of 20 cents a bushel.

It is estimated that applications received from producers and now undergoing inspection may bring the total quantity of corn thus conserved for seed to around 300,000 bushels. Latest reports indicate that a total of 157,411 bushels have been placed under option in three states, as follows: Kansas, 55,179 bushels; Missouri, 95,103 bushels; Iowa, 7,129 bushels. Adverse weather has delayed inspection of cribs in other states.

Through the plan, growers in states where corn of seed quality is deficient, as a result of the drought, are encouraged to hold seed quality corn from the 1933 crop for use in planting the 1935 crop in their local areas. While such corn cannot be sold for processing or feeding, producers may obtain authority to sell the corn to other farmers for seed use.

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BEEF CATTLE COMMITTEE ACTS ON AMENDMENTS

The amendments to the Agricultural Adjustment Act pending in H.R. 5585 were endorsed on February 28, with only two reservations, by the Committee of Twenty-Five, representing the beef-cattle industry, meeting at the Department of Agriculture.

The committee recommended adding to the licensing amendment a provision that licenses can be imposed upon processors, distributors, or handlers, to carry out a marketing plan, only if the proposal is initiated by at least one-half of the producers affected. The second reservation would limit the use of processing tax proceeds to the specific commodities taxed.

The committee recommended that the Secretary of Agriculture authorize the Administrator of the Agricultural Adjustment Act to name a standing committee to develop a marketing agreement for cattle and cattle products. This committee would consist of two representatives of the Department of Agriculture, two packers (one representing the so-called Big Four and one representing other packers), two representatives of the retail trade, and seven cattle producers.

A production-control program in conjunction with the marketing agreement was recommended. A plan for grading and stamping beef was favored.

The Committee of Twenty-Five adopted the report of its subcommittee on credit which called for the maintenance and extension of proper credit facilities for the livestock industry, for the exercise of great care in the liquidation of Regional Agricultural Credit Corporations, and for authorizing the Production Credit Associations to take over these regional loans on a first and second mortgage basis, and for a study of the possibility of establishing credit facilities for tenants who wish to become landowners. The report further urged that no extension of credit be made on the basis of inflated values or to new or untried operators.

The Committee also gave consideration to a proposed amendment, now being discussed but not yet introduced in Congress, which would provide for financing a feed-grain program, as a means of livestock-production control, through a processing tax on livestock. Opinion was divided on this proposal. By a vote of 12 to 10, with 3 members not voting, the Committee went on record as not favoring a processing tax on cattle for this purpose.

A general resolution opposed any decrease in tariffs on importations of livestock and livestock products.

Subcommittees were named. Their names are:

Legislative-- C. J. Abbot, Hyannis, Neb.; J. Blaine Shaum, Tarkio, Mo.; Thomas B. Glasscock, Upperville, Va.; J. Elmer Brock, Kaycee, Wyo.; Grover B. Hill, Amarillo, Tex.; Marion R. Finlay, Hoopeston, Ill.; A. L. Berg, Baltic, S. D.; F. F. McArthur, Oakland, Ia.

Marketing--Hubbard Russell, Los Angeles, Cal.; R. M. Gunn, Buckingham, Ia.; Frank Delaney, Glenwood Springs, Colo.; H. H. Park, Genoa, Ill.; Kenneth Hones, Colfax, Wisc.; Joe Robinson, Mercer, Pa.; Carl S. Horn, Hay Springs, Neb.; E. B. Weatherby, Cochran, Ga.

Credit-- Chas. E. Collins, Kit Carson, Colo.; W. B. Mount, Shouns, Tenn.; James Tod, Maple Grove, Kans.; G. W. Rittenour, Piketon, O.; C. L. Jamison, Klamath Falls, Ore.; A. J. Oleson, Boonville, Mo.; Thomas A. Ross, Chinook, Mont.

REVIEWS DROUGHT RELIEF AND CATTLE DISEASE SITUATION

The Committee of Twenty-Five, representing cattle producers throughout the United States, opened on February 27 a two-day conference in Washington with officials of the Adjustment Administration. Harry Petrie, chief of the cattle and sheep section of the Administration, presided at the morning session, which was devoted to a survey of recent developments in the beef cattle industry, especially in regard to the effects of last season's drought.

Col. Philip G. Murphy, Chief of the Commodities Purchase Section, presented a summary of emergency cattle purchases under the drought relief program. Under the program, he reported, 8,265,602 cattle have been purchased in over 800,000 separate transactions. Purchases and benefit payments to farmers for these cattle have totaled about \$111,600,000. With the exception of those cattle condemned as unfit for food, most of the cattle acquired under the program have been slaughtered for canning, or processed as fresh meat, for distribution through relief agencies, he said.

Dr. J. R. Mohler, Chief of the Bureau of Animal Industry of the Department of Agriculture, discussed the Department's disease eradication program, which is aimed at tuberculosis, Bang's disease, and mastitis. Important progress has been made in eliminating tuberculosis during the past year, he reported, by reason of an increased budget, enlarged through funds provided in the LaFollette amendment to last years drought relief bill. In a seven-month period, he said, 11,000,000 cattle were tested, of which 2.2 percent reacted to tests and were condemned. Emergency indemnity payments for tubercular animals destroyed amounting to \$3,900,000. In December, he added, Minnesota was accredited as the 18th state with an incidence of tubercular cattle less than 1/2 of 1 percent.

More than 1,300,000 cattle were tested for Bang's disease after the order was signed in July making the funds available for this work, Dr. Mohler said. There is a waiting list of 1,500,000 head to be tested. Of those tested 14 percent showed a positive reaction, but 45 percent of the herds showed more or less infection. Indemnity payments have totalled \$4,200,000, he reported.

The effort to eradicate mastitis, Dr. Mohler pointed out, began only last January, so that it still is too early to report on results.

C. L. Harlan of the Division of Crop and Livestock Estimates told the committee that last year was the first on record when a decrease in every species of animals on farms was reported. Hogs and cattle, he reported, showed the largest decrease, dropping back to about the level of 1900.

G. B. Thorne of the production planning section discussed the probabilities of a rise in cattle prices based on the possibility of larger feed crop supplies this year and the certainty of a continued livestock shortage. Noting that factory payrolls have been on an upward trend since last September, he pointed out the close parallel that has in the past existed between industrial workers' income and beef prices.

Among those at the meeting, including several men who have in the past acted with the Committee as advisors, were C. J. Abbott, Hyannis, Neb.;

A. L. Berg, Baltic, S. D.; J. Elmer Brock, Kaycee, Wyo.; F. R. Carpenter, Hayden, Col.; Chas. E. Collins, Kit Carson, Col.; Frank Delaney, Glenwood Springs, Col.; J. C. Eaton, Fargo, N. D.; Willard Edwards, Humboldt, Ia.; Marion R. Finley, Hoopeston, Ill.; Thomas B. Glascock, Upperville, Va.; R. M. Gunn, Buckingham, Ia.; C. L. Harlan, Washington, D. C.; Grover B. Hill, Amarillo, Tex.; Kenneth Hones, Colfax, Wis.; Carl S. Horn, Hay Springs, Neb.; C. L. Jamison, Klamath Falls, Ore.; George M. Lester, Bains, La.; C. D. Lowe, Washington, D. C.; F. F. McArthur, Oakland, Ia.; R. C. McChord, Washington, D. C.; A. D. McKee, Creston, Ia.; Lewis M. Merryman, Sparks, Md.; Dr. J. R. Mohler, Washington, D. C.; W. B. Mount, Shouns, Tenn.; J. J. Murray, Lewisburg, Tenn.; A. J. Olson, Renville, Minn.; H. H. Parke, Genoa, Ill.; Harry Petrie, Washington, D. C.; G. W. Rittenour, Piketon, O.; Joe Robinson, Mercer, Pa.; C. E. Rochford, Forest Service; Thomas A. Ross, Chinook, Mon.; Hubbard Russell, Los Angeles, Calif.; J. Blaine Shaum, Tarkio, Mo.; and E. B. Weatherly, Cochran, Ga.

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COTTON PROGRAM REGULATIONS AND STATE BANKHEAD ALLOTMENTS ISSUED

The Agricultural Adjustment Administration has announced that all forms to be used in the 1935 cotton program under the Agricultural Adjustment Act have been sent to the field and within a fortnight the forms necessary for producers to apply for tax-exemption certificates under the Bankhead Act will be available.

State allotments of the number of bales of cotton of the 1935-36 crop which may be marketed tax-free under the Bankhead Act also were announced today. The total Bankhead Act allotment, as recently announced by Secretary of Agriculture Henry A. Wallace, is 10,500,000 bales of 500 pounds lint, net weight, each, or the equivalent of 10,983,264 bales of 500 pounds gross weight each.

Several important changes in the rulings governing the cotton adjustment contracts in 1935 have been made. Provisions of a one-year contract to be offered producers who did not sign the original 1934-35 contract also were made public.

A total of about 1,012,000 producers signed contracts in 1934, covering both the 1934 and the 1935 cotton seasons. Contracts covering the 1935 season only will be offered to those producers who did not sign contracts in 1934. These one-year contracts will call for payments for a reduction of not less than 25 percent and not more than 35 percent of the base cotton acreage. In addition to which, producers who signed contracts in 1934 and who desire to reduce their acreage up to 35 percent and receive payment therefor will be offered amendments to the 1934-35 contracts covering this increased rate of reduction.

The County Committees, which recommend the base acreage, production and yields to be allowed under individual contracts, as well as the individual Bankhead Act allotments, have all been elected for 1935, and, for the last several weeks, have been considering adjustments in contracts signed in 1934 and receiving applications from producers for the one-year contract.

Making these individual adjustments is one of the principal new duties of the county committees this year. In 1934 the claimed base acreage and base production in some counties totalled more than allowable under the official figures. In order to reconcile these figures, some counties in which it was not possible to secure individual adjustments were permitted to subject all contracts within the county to the same percentage of reduction.

For 1935 it is required that all necessary adjustments in contracts, regardless of when signed, be made on an individual basis. The total of upward adjustments in contracts signed in 1934 in any county, however, may not exceed the total of downward adjustments. Contracts signed for 1935 must be properly adjusted individually before they are accepted.

Persons operating farms on which cotton was produced in 1933 or in 1933 and 1934 are eligible to sign the 1935 one-year contract. Persons operating farms upon which cotton was produced in 1934 for the first time only are eligible to sign the one-year contract under certain conditions. The one-year contract contains all of the essential provisions of the 1934-35 contract.

The county allotments under the Bankhead Act are now being completed and will be announced soon. Individual allotments will then be apportioned upon the recommendation of the county committees. In cases where producers disagree with the recommendations of county committees, the right to appeal to a State Board of Review will be provided by the 1935 regulations. Appeals may be made to the board, upon proper showing, from a county committee's recommendation as to base acreage and production yields or as to Bankhead Act allotments.

All producers who are parties to cotton adjustment contracts to be performed in 1935 rent at least 25 percent of their base acreage to the Secretary of Agriculture. This rented acreage may be increased at the producer's instance to as much as 35 percent of the base acreage. Producers will be encouraged to rent 35 percent of their base acreage as the Bankhead cotton act allotment of 10,500,000 bales of 500 pounds net weight would indicate that producers may expect to receive a tax-free allotment approximately equal to 65 percent of their average production for the base period.

The proclamation of the President under which the Act is effective for the crop year beginning June 1, 1935, and the Secretary's finding that two-thirds of the producers favor the levying of the tax on the ginning of cotton for that crop year have been issued.

The rental payment on each of the acres rented to the Secretary will be 3-1/2 cents a pound on the average yield of lint cotton per acre, with a maximum rental of \$18 an acre. The rental payment will be made in two installments, the first to be paid this spring and the second in the fall. A parity payment of 1-1/4 cents a pound will be made on the farm allotment for each farm under contract. The farm allotment is approximately 40 percent of the adjusted average production. The rental and parity payments are expected to total approximately \$130,000,000.

The contracts for 1935, including amendments to be added to the contracts now in effect and the new contract, are grouped into three general classes, each of which will be handled as the differences require.

Producers who signed contracts in 1934 and do not ask for a 1935 adjustment of their base acreage or production figures will execute a supplementary document to the contract now in effect. The purposes of this supplementary document is to set forth the additional number of acres up to 35 percent of the base acreage the producer wishes to rent to the Secretary for 1935, 25 percent of the base acreage having been rented for 1935 under the contract signed in 1934.

Another group will include those producers whose acreage and production figures need adjustment, either upward or downward. This adjustment is provided so

that mistakes that have been discovered in acreage and yield figures may be remedied. The amendatory document to be executed by such a producer will also show whatever additional base acreage he desires to rent to the Secretary for 1935.

The third group is composed of producers who sign the one-year contract. These will execute two principal documents. One of these is the application for the contract, which will contain a preliminary statement setting forth data of the nature contained in the 1934-35 contract, showing the cotton acreage and production history of the farm for which a contract is desired. The other is the contract itself. This 1935 contract calls for all of the essential information required by the contracts signed in 1934 and its contractual provisions are the same.

In each State there is to be a State Board of Review consisting of three or five members. The duties of this board shall be to review the amendments to the 1934-35 contracts and the new contracts offered for 1935 only; to make the proper summaries of such amendments and contracts; to hear appeals by producers from the recommendations of county committees, including the Bankhead Act allotments; and to determine for each county whether the total production, acreage, and yields reported by producers are in line with official figures for the county. If the figures reported by producers are not in accordance with official figures, the Board shall instruct the County Committee as to what adjustment is necessary.

Under this system, all tabulating of figures in 1935 will be done by the State Board of Review instead of by the County Committees as was the case last year.

The new regulations for 1935 provide that all producers within a county who are parties to cotton adjustment contracts accepted in 1934 or 1935 are members of the Cotton Production Control Association for that county. There is no other membership requirement and there can be no dues. Each county is divided into an appropriate number of cotton-producing communities. Generally a community consists of not less than 500 producer units except in counties having less than 500 such units, in which case there is one community. Each community has elected a community committee of three members. Members of the Community Committees elected the three County Committeemen. No member of the Association is eligible to serve as County or Community Committeeman if such member is holding, or has been within the last year or becomes a candidate for, an elective or appointive county, State, or Federal office. In order to serve as a Committeeman a member must also derive the major portion of his income from farming on a farm covered by a cotton contract. The organization of these committees has been completed.

The County Committee will furnish each Community Committee lists showing the adjusted base acreage and adjusted average yield for each producer in the community who signed a contract in 1934 and the base acreage and average yield initially submitted by each producer in the community who applies for a 1935 contract. The Community Committee will post these lists in a conspicuous place for examination by all producers within the community. These figures were not posted last year.

The Bankhead Act allotment of 10,500,000 bales of 500-pounds net weight, or 10,983,264 standard bales of 500 pounds gross weight each, was announced by Secretary Wallace on January 17 after a referendum, held December 14, 1934, had shown 89.5 percent of the voters in favor of continuance of the Act for the 1935-36 crop year. The Act levies a tax of 50 percent of the average central market price on cotton not covered by tax-exemption certificates.

The base production history of each county within a state is considered in apportioning a state allotment among its counties. The calculation of these allotments to counties is being made as rapidly as possible. After the allotments have been made to the counties, the individual allotments will be apportioned to the farms within the counties. Each producer who desires to receive an allotment is required to make application through his County Committee. The County Committee will have the necessary forms for these applications within a few weeks. As no final allotments to individuals can be made until all applications have been received and adjusted in accordance with the terms of the Bill, producers are urged to make their applications for allotments as soon as the forms are available.

In addition to the tax-exemption certificates for 10,983,264 standard weight bales that will be issued for 1935, there are certificates for approximately 700,000 standard weight bales that were issued in 1934 that still are in the hands of producers. These may be exchanged by producers for certificates for use in 1935.

The State allotments follow:

STATE ALLOTMENTS OF TAX-EXEMPT COTTON FOR 1935
UNDER PROVISIONS OF THE BANKHEAD ACT

State	Five-year average production (1928-1932)		Allotment in terms of net pounds of lint	Allotment in equivalent 500-lb.gross weight bales
	Equivalent 500-lb. gross weight bales	Net Pounds of lint		
	1000 bales	1000 pounds	Pounds	Bales
Virginia	45	21,598	16,001,700	33,476
North Carolina	752	358,857	265,871,900	556,218
South Carolina	856	408,763	302,846,600	633,570
Georgia	1,241	593,210	439,500,700	919,458
Florida	35	16,757	12,415,000	25,973
Illinois	1.0	466	345,000	722
Kansas	0.5	256	189,800	397
Kentucky	9.1	4,339	3,215,000	6,726
Tennessee	479	229,305	169,888,700	355,416
Alabama	1,255	600,363	444,800,200	930,544
Mississippi	1,559	745,781	552,538,300	1,155,938
Louisiana	745	356,376	264,033,800	552,372
Texas	4,580	2,197,538	1,628,124,000	3,406,117
Oklahoma	1,109	531,228	393,579,100	823,387
Arkansas	1,351	646,643	479,088,400	1,002,277
New Mexico	90	43,234	32,031,400	67,011
Arizona	128	61,454	45,530,400	95,252
Total excluding Cal. and Mo.	14,236	6,816,168	5,050,000,000	10,564,854
California	200	95,781	100,000,000	209,205
Missouri	229	109,717	100,000,000	209,205
Grand total:	14,665	7,021,666	5,250,000,000	10,983,264

Cully A. Cobb, Director of the Cotton Division, made the following statement: "Many recommendations have been made as to changes in the administration of the cotton program for 1935. We feel that we have met most of these recommendations in a practical way. The election of county committees has been completed and for the past several weeks, these committees have been engaged in work preliminary to the signing of new contracts and making individual allotments under the Bankhead Act. Changes in administrative rulings have simplified and strengthened the program from the farmers' point of view and there is every reason to hope, not only for smoother functioning of the program for the 1935 season, but that most of the inequities complained of last season can be removed. Exemption certificates should be in the hands of all producers long before cotton picking time and cotton producers may make their crop plans now on the basis that their allotments will be substantially equal to 65 percent of their average production during the base period. The county committees and the persons in the field charged with the local administration of the program are thoroughly familiar with all of its details. I see no reason to expect other than the continued cooperation of the cotton farmers and, if the response to the program is what we may reasonably anticipate, the improvement that has been achieved certainly should be maintained and perhaps advanced."

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CLOSING DATE FOR BRIEFS ON RAW COTTON CODE

The record for taking oral testimony in the hearing on the proposed code of fair competition for the Raw Cotton Trade will be closed March 6, and briefs in connection with the hearing must be filed on or before midnight, March 20, it was announced March 1 by the Agricultural Adjustment Administration. The hearing on the proposed code was held in Washington, D. C., on January 23 and 24.

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TIME EXTENSION ON EVAPORATED MILK AMENDMENT

Secretary of Agriculture Henry A. Wallace has signed an order which extends for one month beyond March 1 the terms and provisions in an amendment to the evaporated milk agreement relating to maximum prices of case goods. Under the extension thus provided, the amendment will be in force and effect until April 1, 1935.

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CHICAGO MILK LICENSE TERMINATED

The Agricultural Adjustment Administration has terminated the Chicago milk license, effective as of March 2, 1935. The order of termination was signed by Secretary of Agriculture Henry A. Wallace. The decision to terminate the Chicago milk license came as a result of a telegram from the Pure Milk Association on February 28, stating that the association had completed

contractural relationship with distributors in the sales area and reached full agreement with them, and asking immediate suspension of the license.

It is understood meanwhile that obligations arising under the license are not affected by its termination unless expressly provided. To that end the Agricultural Adjustment Administration will make necessary arrangements to conclude the pool and settle outstanding obligations which are due producers under the license.

The Chicago milk marketing agreement and license was first instituted at the request of producers and distributors on August 1, 1933, following strikes and disturbances on that market. The original license carried a Class 1 price of \$1.75 per hundredweight of 3.5 percent milk, which was advanced by amendment on November 3, 1933, to \$2.10 per hundredweight.

The entire agreement and license was reopened for public hearing in Chicago on November 27, 1933. On January 1, 1934, it was terminated at the request of the Pure Milk Association.

A new license was put into effect on February 5, 1934, at the request of the Pure Milk Association under the new policy of the Agricultural Adjustment Administration, at which time complete schedules of resale prices were abandoned. A market administrator was appointed on the same date to supervise the license. The Class 1 milk price named in the original 1934 license was \$1.75 per hundredweight.

Between February 5, 1934, and January 17, 1935, the license was amended seven times at the request of the agencies on the market. Prices for Class 1 milk named successively under respective dates of license amendments were June 1, \$2 per hundred; July 1, \$2.25; November 1, \$2; and January 17, 1935, \$2.20 per hundredweight.

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TERMINATE PORT HURON, MICH., MILK LICENSE

The Agricultural Adjustment Administration has announced the termination of the milk license for Port Huron, Mich. The order of termination, effective as of March 2, 1935, was signed by Secretary of Agriculture Henry A. Wallace.

Requests to cancel the Port Huron milk license came from the Michigan Milk Producers' Association, the original sponsor. Recommendation to the Secretary for its termination was made in view of the fact that the license has never been fully effective in this market, in spite of repeated efforts to create good-will within the industry and to provide a clearer understanding of the real provisions of the license, which was designed to protect producers and stabilize the market structure. The Administration saw no reason why the license should not be terminated, as agencies on the market were averse to using it, and the recommendation to that end was made to the Secretary of Agriculture.

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INDIANAPOLIS MILK LICENSE TERMINATED

The Agricultural Adjustment Administration has terminated the Indianapolis milk license, effective February 28, 1935. The termination order was signed by Secretary of Agriculture Henry A. Wallace. Cancellation of this license was recommended to the Secretary of Agriculture on the grounds that the license had been inoperative for several months, because of almost universal non-compliance with its terms and provisions, following an adverse decision by the District Federal Court. The decision affected only a small minority of the market volume, but crippled the general operation on the entire market. No basis has been found at this time for continuing the license through voluntary action to preserve the provisions designed for the protection of producers and the stabilization of the market structure.

Because of this attitude, the Administration saw no clear reason why further effort should be put into maintenance of the license.

#

CIGAR TOBACCO GROWERS 8 TO 1 FOR APPLYING KERR-SMITH ACT

The Agricultural Adjustment Administration has announced that a preliminary tabulation of official returns from the referendum which was completed February 15 indicates that persons who own, rent, share-crop or control land customarily engaged in the production of domestic filler and binder types of cigar-leaf tobacco voted more than eight to one in favor of the application of the Kerr-Smith Tobacco Act to those types of tobacco in 1935.

The tabulation, prepared by the Tobacco Section, shows that 88.9 percent of the acreage for which votes were cast was voted in favor of the application of the Act in 1935. Approximately 87.4 percent of the acreage eligible to be voted is included in the tabulation.

The Wisconsin-Minnesota district cast the heaviest vote for the application of the Kerr-Smith Act. In this district persons having control of 95.4 percent of the land customarily engaged in production of cigar-leaf tobacco, upon which votes were cast, voted for the application of the Act in 1935. The tabulation includes 84.1 percent of the acreage eligible to be voted in this district.

For the New England district the tabulation indicates that 94.7 percent of the acreage voted for the application of the Act. Approximately 89.2 percent of the acreage eligible to be voted in this district is covered in the tabulation.

The tabulation shows that 85.0 percent of the acreage voted for the Miami Valley types of tobacco and 79.7 percent of the acreage voted for the Pennsylvania-New York district was in favor of application of the Act. The tabulation includes 83.7 percent of the total Miami Valley acreage, located in Ohio and Indiana; and 91.6 percent of the total Pennsylvania-New York acreage.

The Kerr-Smith Act levies a tax of 33-1/3 percent of the gross first

sale value of all tobacco harvested during a particular crop year, but provides that the Secretary of Agriculture may prescribe a lower rate of tax (not less than 25 percent of the price for which such tobacco is sold) if it is determined that such lower rate will best effectuate the declared policy of the Act. The Secretary prescribed a rate of 25 percent for the 1934-35 crop year.

The Act excluded cigar-leaf tobacco from application of the tax in 1934-35. However, any type of tobacco may be brought under the provisions of the Act for 1935-36, provided that it is determined that "the persons who own, rent, share-crop or control three-fourths of the land customarily engaged in the production of any type of tobacco favor the levy of the tax thereon and that the imposition of the tax thereon is necessary for the orderly marketing of such tobacco in interstate and foreign commerce and to effectuate the declared policy of this Act."

#

KERR-SMITH ACT MADE APPLICABLE WITH TAX AT 33-1/3 PERCENT

Acting on referenda which resulted in an overwhelming affirmative vote for continuing the Kerr-Smith Tobacco Act, Secretary of Agriculture Henry A. Wallace has signed a proclamation making the Act applicable for the 1935-36 crop year to practically all important types of domestic tobacco. The rate of the tax on the sale of tobacco produced in 1935 to which the Act is made applicable will be 33-1/3 percent of the price for which such tobacco is sold, instead of the 25 percent, in effect for 1934-35.

The proclamation extending the Act is effective at the beginning of the crop year, May 1, 1935, but, as markets for some types of tobacco grown in 1934 will not close until after that date, the Secretary signed a second proclamation leaving the tax rate at 25 percent for the period commencing May 1, 1935, and ending June 30, 1935. In this two-months period it will not be possible for any tobacco grown in 1935 to be marketed.

The Kerr-Smith Act levies on the sale of tobacco with respect to which the tax is applicable a tax at the rate of 33-1/3 percent of the price for which such tobacco is sold; provided, however, that if the Secretary of Agriculture determines and proclaims that the declared policy of the Act is best effectuated thereby, the rate of tax shall, for such period as the Secretary designates, be at such lower rate (not less than 25 percent of the price for which such tobacco is sold) as he may prescribe.

The tax was fixed at the lower rate last year because the 1934-35 crop of tobacco was all planted when the Act was approved and it was determined that a rate of 25 percent would better effectuate the declared policy of the Act. As the Secretary did not prescribe in today's proclamation a rate of tax lower than that fixed by the Act, the rate of 33-1/3 percent is effective for the 1935-36 crop year.

The 1934 programs under the Agricultural Adjustment Act, supplemented by the Kerr-Smith Act, made possible the liquidation of all the surplus of some types and a considerable part of the surplus of other types. In formulating

the 1935 adjustment programs, this improvement in the supply situation was taken into consideration and allotments to contracting growers of all types, with the exception of Burley, have been increased for 1935.

The types of tobacco to which the Kerr-Smith Act will apply in 1935-36 crop year are as follows:

Flue-cured tobacco, types 11, 12, 13, and 14 - grown in Virginia, North Carolina, South Carolina, Georgia and Florida.

Fire-cured tobacco, types 21, 22, 23, and 24 - grown in Virginia, Kentucky and Tennessee.

Burley tobacco, type 31 - grown in Kentucky, Southern Ohio, and Indiana, West Virginia, Tennessee, Virginia, North Carolina, Missouri, and Arkansas.

Dark air-cured tobacco, types 35, 36, and 37 - grown in Kentucky, Tennessee, Virginia and Indiana.

Cigar binder and filler, types 41, 42, 43, 44, 51, 52, 53, 54, and 55 - grown in Pennsylvania, Ohio, Indiana, Connecticut, Massachusetts, New York, Pennsylvania, Wisconsin, Illinois and Minnesota.

The Kerr-Smith Tobacco Act was approved by President Roosevelt on June 28, 1934. It was passed by Congress at the request of tobacco producers who were cooperating in the production adjustment programs of the Agricultural Adjustment Administration. It provided that all tobacco of the types specified in any agreement between the Secretary of Agriculture and the contracting producer, except Maryland tobacco, (Type 32), Virginia sun-cured (Type 37) and cigar leaf tobacco, grown during the 1934-35 crop year should be taxed, but authorized the Secretary of Agriculture to issue tax payment warrants covering tobacco grown by contracting producers and producers who receive allotments.

The Act further provides that its provisions may be made applicable to any type of tobacco in the 1935-36 crop year provided the Secretary determines that "the persons who own, rent, share crop or control three-fourths of the land customarily engaged in the production of any particular type of tobacco favor the levy of the tax thereon and the imposition of the tax is necessary for the orderly marketing of such tobacco in interstate and foreign commerce and to effectuate the declared policy of this Act."

For the 1935-36 crop year the types of tobacco that will be brought under the Act for the first time are Virginia sun-cured (Type 37), and the Cigar Filler and Binder types. Referenda were held to determine whether these types, as well as the types to which the Act was applicable last year, should be under the provisions of the Act for 1935-36. No referenda were conducted among growers of other types as there was not sufficient demand for the tax to warrant a vote.

The tobacco section's official tabulation by types of the results in the referenda held on continuance of the Kerr-Smith Act follows:

RESULTS OF GROWERS VOTE ON KERR-SMITH ACT

Kind	: Acreage	:	Percentage	:	Percentage
	: Customarily	:	of	:	of voted
of	: engaged in	:	total	:	land voted
	: production	:	land	:	in favor
tobacco	: of tobacco	:	voted	:	of tax

	<u>Acres</u>	<u>Percent</u>	<u>Percent</u>
Flue-cured	929,100	96.3	99.1
Fire-cured	188,400	79.7	92.6
Burley	493,800	90.3	95.7
Dark Air-cured	59,000	89.8	92.5
Cigar filler and Binder types	142,577	86.8	87.8
Total all types	1,812,877	91.9	96.4

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SPECIAL BASE FOR GROWERS OF FOUR TOBACCO TYPES

The Agricultural Adjustment Administration has announced that it is offering a special base contract for 1935 to producers of flue-cured, Burley, fire-cured and dark air-cured tobacco who, because of circumstances beyond their control, such as weather, disease and financial distress, did not grow enough tobacco in 1931, 1932 or 1933 to enable them to obtain equitable production allotments under the regular tobacco production adjustment contracts.

The new contract is specifically designed to make the tobacco program more equitable to all classes of growers. Producers who sign the contract will be eligible to receive tax-payment warrants to cover the production allotments for their contracts. These warrants may be used to pay the tax levied by the Kerr-Smith Tobacco Act. In addition to tax-payment warrants to cover sales up to their production allotments, these producers will receive a benefit payment at the rate of \$6 an acre for each acre of difference between the tobacco acreage allotment and their base tobacco acreage.

A grower is eligible to sign a special base contract if it can be established that:

- (1) The farm which he is operating is equipped for tobacco production and tobacco was grown thereon in one or more of the years 1929 to 1934, inclusive; or
- (2) the persons who are living on the farm in 1935 were engaged in the production of tobacco in the years 1929 to 1934.

The county committees will not recommend for approval an application special base tobacco contract for a farm which is covered by a tobacco production

adjustment contract nor for a farm for which an equitable allotment can be established under a production adjustment contract. Any person who has moved from a farm covered by a regular production adjustment contract with a view to using his personal tobacco history to obtain an allotment under a special base contract is not eligible for an allotment thereunder.

The base figures which can be approved by the state office for special base tobacco contracts for all counties in each state cannot exceed 4 percent of the base acreage and base production for all production adjustment contracts in the state. The recommendations of each county committee will be reviewed and acted on by a State committee.

The benefit payment will be divided between the producer and any share-tanants or share-croppers so that each will receive a share which bears the same proportion to the total as the share of the tobacco acreage grown by him in 1935 bears to the total number of acres of tobacco grown on the farm. It is estimated that total benefits under this contract will be approximately \$90,000, with the major portions of this amount going to Burley and flue-cured districts where there are a large number of small tobacco farmers.

In receiving applications for special base tobacco contracts, county committees in the flue-cured, Burley, fire-cured and dark air-cured districts are being instructed to give special consideration to applications by: (1) Former tenants who have regularly grown tobacco and now own and operate farms. (2) Tobacco farmers who have lost their farms through foreclosure since 1929. (3) Tenants who have been compelled to move from tobacco-producing farms and who are now growing tobacco on farms for which no equitable allotment can be obtained under tobacco contracts. (4) Farmers who have reduced their acreage and production of tobacco since 1929 to such an extent that they cannot obtain an equitable allotment under a contract. (5) Sons of tobacco farmers who have recently become of age and who now own or rent farms of their own. (6) Other tobacco growers who could not obtain an equitable allotment under regular tobacco production adjustment contracts.

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NEW RULING FOR SMALL GROWERS OF BURLEY AND DARK TOBACCO

Acting Secretary of Agriculture R. G. Tugwell has signed an administrative ruling which permits a contracting producer under a Burley, fire-cured or dark air-cured tobacco production adjustment contract whose base acreage is 1.2 acres or less, to plant in 1935 an acreage of tobacco equal to (a) the base tobacco acreage, or (b) eight-tenths (0.8) of an acre, whichever is smaller; and to market from his 1935 crop a number of pounds of tobacco equal to (a) his base production, or (b) 650 pounds, whichever is smaller; provided that the producer shall agree that no rental, adjustment, or deficiency payment shall be made under the contract for 1935.

The limitation of 0.8 of an acre and 650 pounds was added in order to assure that producers who can qualify under this ruling will not receive larger allotments than the producers who cannot qualify.

An examination of available figures indicates that approximately 24,000 of the contracts in force in 1934 will be eligible to come under this ruling for 1935. Not all of the eligible producers are expected to elect this option.

The Tobacco Section estimates that the increase in production by small growers who could elect this option will not exceed 2 percent of the total base production for all growers of Burley tobacco and less than 1 percent of the base production for growers of the dark types of tobacco.

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RULING ON ADJUSTING SMALL-BASE FLUE-CURED TOBACCO FARMS

Adjustments in flue-cured tobacco contracts for 1935, including a provision which in effect permits a contracting producer with a base acreage of 3.2 acres or less to plant his base acreage or 3 acres, whichever is smaller, provided that he agrees that no payments shall be made under his contract for 1935, are permitted under an administrative ruling signed by Acting Secretary of Agriculture R. G. Tugwell and announced February 25 by the Agricultural Adjustment Administration.

The ruling also provides for upward adjustments in the base acreage and production for contracts which are determined to have an abnormally low base, and for downward adjustments for contracts in which the acreage or production figures have been found since acceptance to be higher than the correct figures.

The ruling, which affects only flue-cured tobacco grown in Virginia, North Carolina, South Carolina, Georgia and Florida, provides: (1) That any contracting producer of flue-cured tobacco, whose base tobacco acreage is 3.2 acres or less may plant in 1935 the base tobacco acreage established for his farm or 3 acres, whichever is smaller, and may market a number of pounds of tobacco equal to his base tobacco production, or 2,400 pounds, whichever is smaller; provided he agrees that no payments shall be made under his contract for 1935.

(2) That upward adjustments may be made in the base tobacco acreage and production under a contract if the county committee determines that an abnormally low base was established because of conditions during the base years which were beyond the control of the producer. In consideration for such adjustments, producers will agree that no payments shall be made under their contracts for 1935.

(3) That downward adjustments may be made upon the recommendation of tobacco committeemen in those cases where it is determined that any of the acreage and production figures for 1931, 1932 and 1933 are higher than the correct figures. Producers who agree to the recommended corrections and agree that no payments shall be made under their contracts for 1935 will be entitled to receive the payments provided for by their contracts for 1934 without regard to the corrections. For producers who refuse to agree to the corrections recommended by the tobacco committee the State office may, if it is considered advisable, make a further investigation with a view to termination of the contract.

Persons in close touch with the flue-cured tobacco program believe that the planting of the base tobacco acreage will result in more efficient utilization of labor and equipment by growers whose base is 3.2 acres or less. These

small growers usually handle their crop with labor in the family, and most of the farms are equipped for production of an acreage or tobacco equal to or in some cases larger than the base acreage. Reduction in their crops below the established base results in a higher unit cost. This was offset in 1934 by the higher rate of adjustment payment provided for by the contract.

Adjustments in cases where an abnormally low base was established and in cases where additional information has shown the accepted base to be higher than warranted by correct figures are expected to make the flue-cured program more nearly equitable to all classes of growers. In making upward adjustments, the total increase in base tobacco acreage or base tobacco production for any state may not exceed 3 percent of the total base acreage or base production under all contracts in effect in the state in 1934.

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LOCAL COMMITTEES TO ADJUST SUGAR BEET ACREAGE DIFFERENCES

Production-control committees and representatives of the Sugar Section of the Agricultural Adjustment Administration will cooperate with representatives of sugar-beet processors in adjusting any differences regarding acreage which may arise during the sign-up campaign for beet acreage for the 1935 crop. "This adjustment will be undertaken in order to give protection to sugar-beet growers, who may be offered beet-purchase contracts for acreage less than their respective acreage allotments," John E. Dalton, chief of the Sugar Section, said.

Details of the procedure to be followed were worked out with representatives of sugar-beet producers at a meeting in Washington, February 23.

If a producer does not receive a beet-purchase contract for acreage at least equal to his allotment, he may bring his case to the attention of the production-control committee of his factory district, and it will be investigated to determine whether there is a sound basis for requesting a purchase contract covering acreage equal to the producer's allotment. In such cases, all conditions, such as disease-infested land, lack of adequate water supply, or any other circumstance which might affect adversely the ability of a producer to grow beets will be given consideration. If such consideration indicates that a producer is able to grow beets in 1935 to the extent of his allotment, and that his situation warrants the offer of a purchase contract, the matter will be presented to the processor involved for further consideration.

The determination of the acreage allotment for each producer, based upon his past production record, will be made by the Secretary of Agriculture. Allotments will be open to inspection by producers at the office of each county agent in charge of a factory district, and the list will be made available to processors as necessary information upon which to base their offers of purchase contracts to growers.

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TWO-MONTH ENTRIES OF SUGAR AGAINST QUOTAS

The quantity of sugar entered for consumption in the United States during January and February from Cuba, the Philippines, Puerto Rico, the Virgin

Islands and Hawaii totaled 986,439 short tons, raw value, and has been charged against the 1935 quotas for those areas, the Sugar Section of the Agricultural Adjustment Administration announced today.

The report, covering entries of sugar from January 1 to March 1, shows that the quantity entered represented 22.1 percent of the total of 4,454,019 tons admissible from those areas in 1935. In addition to giving the record of sugar entries from the mentioned areas, the report also shows a summary of the quantity of sugar entered and certified for entry, from all foreign countries.

The status of the following quotas established under General Sugar Quota Regulations Series 2 for 1935, as of March 1, 1935, is as follows:

<u>Area</u>	Quantity of sugar which can be ad- mitted for 1935 under General Sugar Quota Regula- tions, Series 2 (in tons of 2,000 pounds - 96 degree equivalent)	Amounts charged against quotas	Percent January-February Entries are of total admissible in 1935	<u>Balance remaining</u>
Cuba	1,857,022	304,892	16.42	1,552,130
Philippines	918,352	388,352	42.29	530,000
Puerto Rico	779,420	161,457	20.72	617,963
Hawaii	893,884	131,738	14.74	762,146
Virgin Islands	5,341	0	0	5,341
Total	<u>4,454,019</u>	<u>986,439</u>	<u>22.15</u>	<u>3,467,580</u>

In addition to the sugar as charged against the quotas for Cuba and the other insular areas, a large proportion of the sugar which may be admitted from full duty countries was admitted during January and February. The following table shows, in pounds, the amounts of sugar which may be admitted in 1935, the amount admitted during January and February and the amount which may be admitted during the remainder of the year:

<u>Area</u>	Quantity which can be admitted for 1935 (Quantities given in pounds -- 96 degree equivalent)	Charged against quota	<u>Balance remaining</u>
Peru	7,343,561	7,343,561	0
Dominican Republic	4,406,150	4,406,150	0
Haiti	608,950	608,950	0
France	116	116	0
Germany	77	77	0
Dutch East Indies	139,670	68,100	71,570
Mexico	3,985,518	143,961	3,841,557
China	53,252	53,252	0
Hong Kong	137,117	9,744	127,373
United Kingdom	231,700	1,198	230,502
Unallotted Reserve	<u>600,000</u>	<u>16,998</u>	<u>583,002</u>
Total	17,506,111	12,652,107	4,854,004

Included in the amounts of sugar charged against the various quotas are direct-consumption sugars. The direct-consumption sugar quota is included in the total quota for each area. The following tabulation indicates the direct-consumption sugar quotas, amounts of direct-consumption sugar admitted during January and February 1935, as well as the amounts which may be admitted for the remainder of the year:

Cuban DIRECT CONSUMPTION sugar (short tons 96 degree raw value)

1935 quota	408,545
Quantity charged against quota	<u>94,421</u>
Balance remaining	314,124

Puerto Rican DIRECT CONSUMPTION sugar

1935 quota	133,119
Quantity charged against quota	<u>30,949</u>
Balance remaining	102,070

Hawaiian DIRECT CONSUMPTION sugar

1935 quota	29,111
Quantity charged against quota	<u>3,628</u>
Balance remaining	25,483

Philippine DIRECT CONSUMPTION sugar

1935 refined sugar quota	69,665
Quantity charged against quota	<u>21</u>
Balance remaining	69,644
1935 raw sugar quota	9,996
Quantity charged against quota	<u>9,996</u>
Balance remaining	0

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HEARING ON NORTH PACIFIC MARKETING AGREEMENT

As a step toward making surplus wheat in the Pacific Northwest available for stock feeding in other regions of the United States, a public hearing has been called on an amended marketing agreement for the disposal of surplus North Pacific wheat. The notice of hearing, signed by Secretary of Agriculture Wallace, calls for the hearing to be held in Portland, Oreg., March 12.

Under the proposed amended agreement, it would be possible for members of the North Pacific Emergency Export Association, to use the machinery of the export association for the moving to other points in the United States of surplus wheat from Washington, Oregon and Idaho. Under the present agreement,

the association can only export wheat.

The North Pacific Emergency Export Association was formed in 1933 under the terms of a marketing agreement to meet the emergency of a large wheat surplus in the North Pacific States. Membership in the association is open to growers, associations of growers and regular handlers of wheat and wheat products in the Pacific Northwest. Approximately 28,000,000 bushels of surplus wheat from the 1933-34 crop were exported by members of the association.

A reduction of 25 percent on the freight rate of cracked soft white wheat, or soft white wheat to be cracked in transit, was announced recently by railroads in the western territory, effective February 20, 1935. This reduced rate applies only to wheat to be moved to North Dakota, South Dakota, Wyoming and designated counties in Montana, by the North Pacific agency acting under an agreement with the Department of Agriculture.

The amended agreement proposed for the disposal of the North Pacific wheat surplus, which has been developed under the direction of A. J. S. Weaver, chief of the grain processing section, is practically the same as the original marketing agreement under which the North Pacific Emergency Export Association was formed, except that under the amendment agreement members of the association may sell wheat or cracked wheat for feed purposes only within continental United States at such times, in such places, at such price and to such purchasers as the Secretary of Agriculture may direct.

Removal of the surplus under the proposed program is expected to prevent prices of wheat in the Pacific Northwest from declining to the lower levels which, under present world market conditions, would be necessary if the surplus were to be exported through normal channels.

It is estimated that from 5 to 10 million bushels of surplus wheat may be moved from the Pacific Northwest under the proposed program, the major portion of which is expected to be distributed in the drought areas of North Dakota, South Dakota, Wyoming, and designated counties in Montana.

Since feed prices in the drought area are not high enough to permit the commercial shipment of feed wheat from the Northwest, members of the association will sustain a loss on wheat sold for feeding purposes. Under the proposed plan, the Agricultural Adjustment Administration will reimburse the members for such losses as they sustain within the limits of contracts entered into between the Secretary and the members of the Association.

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PRORATION PROPOSED TO IMPROVE INCOME FROM DECIDUOUS FRUITS

Limitation of shipments by means of proration regulation of grades and sizes shipped and control of day-to-day movement are among the provisions of a proposed amended marketing agreement for growers and shippers of California fresh deciduous tree fruits, except apples, the Agricultural Adjustment Administration has announced. A hearing on the draft of the agreement, as revised by the Adjustment Administration, will be held in Sacramento, Cal., on March 12.

The agreement would apply to winter pears, Bartlett pears, peaches, plums, apricots and cherries. General administration of the agreement would be in the hands of a control committee consisting of five shippers and six producers. Each of the six producer members would represent growers of one of the fruits covered by the proposed agreement, and would be selected by the commodity committee for his particular fruit.

Under the agreement, each of these commodity committees would consist of seven members chosen by growers on a basis of representation in proportion to the volume of fruit grown by districts. Initiation and administration of control plans for its particular fruit would devolve upon each of the six commodity committees. Proration would be based on the ratio of the quantity deemed advisable to ship to the total quantity available for shipment. The determined percentage would be applied to each shipper's available quantity. The shippers, in so far as possible would use the same method of setting growers' allotments.

The agreement also provides that if any commodity committee shall consider it necessary, it shall have the power to limit the grade and size of designated varieties of fruit which may be shipped from any district or districts during a specified period. Further, in order to insure an even flow of fruit to market, a commodity committee would have the power to limit the quantity of fruit shipped during a definite period from any rail or water concentration point. Carloads first to arrive would first in order of release.

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CHIEFS FOR TWO SECTIONS APPOINTED

Chester C. Davis, Administrator of the Agricultural Adjustment Act, has announced the appointment of John S. L. Yost as chief of the Field Investigation Section, and Porter R. Taylor as chief of the General Crops Section.

Mr. Yost succeeds to the vacancy created by the death of George R. Wicker on January 26. Mr. Yost has been assistant chief of the administrative enforcement section since its organization in August, 1933. Through this work he has become familiar with marketing agreements and licenses now in operation and the problems of enforcing such agreements and licenses, which constitute a large part of the work of the section he now heads.

Mr. Yost is a native of Maryland and a graduate of Johns Hopkins University, where he received an A.B. degree in 1914. He graduated from the law school of the University of Maryland, receiving the degree of LLB in 1917. During the war he served as special assistant in the Department of State of the United States, being assigned to the office of the Counselor and handling problems presented by the program of the War Trade Board. From 1919 until August, 1933, he engaged in the private practice of law in Baltimore, returning to Washington at that time to accept appointment as chief attorney in the Department of Agriculture. For the past eight years Mr. Yost has been a member of the faculty of the law school at the University of Baltimore.

Mr. Taylor succeeds H. R. Wellman, who, at the expiration of his leave of absence, has resumed his post as associate with the Giannini Foundation of Agricultural Economics of the University of California. Mr. Wellman had been with the Administration since January, 1934, on leave from the University. Mr. Taylor was graduated from Michigan State College in 1915. From 1919 to 1927 he was connected with the Pennsylvania Department of Agriculture, serving during the latter years of his tenure as Director of Markets. He was one of the three original members of the General Crops Section of the Agricultural Adjustment Administration's Commodities Division, and has been assistant chief of the Section since October, 1933.

Mr. Taylor is succeeded as assistant chief by Budd A. Holt, Principal Agricultural Economist of the General Crops Section. Mr. Holt also was one of the three original members of the Section, and has had charge of marketing agreements and licenses relating to dried fruits, canned fruits and vegetables, and nuts.

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RESEARCH THE TOPIC AT REGIONAL CONFERENCES

The possibilities of formulating programs of research, integrated with the needs of agricultural adjustment, will be explored during the first two weeks in March at four regional conferences.

Representatives of land grant colleges, particularly those with research and extension responsibilities, have been invited by the Secretary of Agriculture to participate in the conference for each region.

The conferences will be held at Ames, Ia., March 4 and 5; Salt Lake City, Utah, March 7 and 8; Birmingham, Ala., March 11 and 12, and New York City, March 15 and 16.

Among those in the Department of Agriculture at Washington who will attend the conferences will be M. L. Wilson, Assistant Secretary of Agriculture, H. R. Tolley, Assistant Administrator of the Agricultural Adjustment Administration, Dr. C. W. Warburton, Director of Extension, and J. T. Jardine, Chief, Office of Experiment Stations.

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